



Compensation Above Salary Limits For Grants and Cooperative Agreements

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I - Chapter 4.07

Title:	Compensation Above Salary Limits for Grants and Cooperative Agreements
Originally issued:	March 31, 2005
Effective Date:	March 31, 2005
Revision Number:	n/a
Scheduled review date:	March 31, 2007 (every two years)
Primary contact:	Manager, General Accounting

Summary

The purpose of this policy is to provide guidelines for accounting for the cost of compensation above the allowable limits for grants and cooperative agreements.

Policy

Compensation for researchers working on grants and cooperative agreements may be subject to limitations by federal law or provisions of specific grants or cooperative agreements. The cost of salaries and wages in excess of the limitations are unallowable under [DOE Contract 98](#) and must be covered by bestowments or other non-federal funds.

It is the policy of the Laboratory to assure that compensation costs applicable to any limitation prescribed by a grant or cooperative agreement are identified and excluded from the grant or cooperative agreement, and any related DOE billings, claims, or proposals.

Procedures

- The Department or Division using researchers with salaries that exceed compensation limits must identify the funding source for the excess *prior* to commencing work on the funded research.

Financial Policy and Procedures Manual

- An email or memo will be submitted to General Accounting (TJYoung@lbl.gov) requesting that a companion project to the grant or agreement be created, in order to accumulate the cost of the researchers' excess compensation.
- The Department or Division will evaluate the compensation limitations specified by the grant or cooperative agreement and identify any excess.
- A resource adjustment will be made to transfer any excess compensation from the grant project to the companion project prior to processing the grant billings and requests for payment.
- The Department or Division will determine the frequency (monthly or quarterly) for invoicing the non-federal funding source.
- For each period that excess compensation is accumulated, a [Request for Preparation of Miscellaneous Invoice](#) form will be submitted to Accounts Receivable that includes:
 - Identification of the grant or cooperative agreement and related compensation limitations
 - Identification of the non-federal or bestowment fund
 - Companion project ID established to accumulate the cost of the researchers' excess compensation
 - Required approvals
 - Billing period beginning and end dates
 - Total amount of accumulated excess compensation to be billed for the period
- Accounts Receivable will prepare a miscellaneous invoice to the non-federal funding source when the completed Request for Preparation of Miscellaneous Invoice form is received.
- A credit to the companion project will be recorded for the amount of each invoice to the non-federal funding source, in order to off-set excess compensation accumulated in the companion project. The project should have a net zero balance. If the balance is not zero, any difference will be identified and accounted for by the owner of the companion project.

Documentation

The following are examples of appropriate supporting documentation for resource adjustments for excess compensation for grants and cooperative agreements:

- [Request for Preparation of Miscellaneous Invoice form](#)
- Grant and/or cooperative agreement provision(s) explaining the compensation limitations
- Description of the funds to be used to cover any excess compensation and related approval to use those funds
- The grant or cooperative agreement project and companion project ID for which the excess costs will be charged

Authority

- [Department of Energy Prime Contract 98, Clause 3.2 - DEAR 970.5204-13 Allowable Costs \(Management and Operating\) \(Mar 1998\) \(Deviation\)](#)

References

- NIH Guide: [Salary Limitation on Grants, Cooperative Agreements, and Contracts](#)

Contacts

- Manager, General Accounting (DLHathaway@lbl.gov)
- Principal Accountant, General Accounting (TJYoung@lbl.gov)

Glossary

- **Bestowment funds:** Funds provided to a specific Department, Division or program by grant, donation, or gift from public or private foundations, corporations, or individuals for the purpose of furthering research, development, and/or education.

Financial Policy and Procedures Manual

- ***Cooperative agreement:*** An agreement between the University of California and one or more participants under which the government (through the Laboratory) provides personnel services, facilities, equipment, or other resources (with or without reimbursement) towards the conduct of specified research or development efforts that are consistent with the mission of the Laboratory.
- ***Grant:*** An award of financial assistance, including cooperative agreements, in the form of funds, or property in lieu of funds, by the federal government to an eligible grantee, where involvement in the project by the federal government is expected to be minimal.

Related Documents

- Financial Policies & Procedures, Part I - Chapter 4.05, [Miscellaneous Invoice Requests](#)
- [Request for Preparation of Miscellaneous Invoice form](#)